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UN - MIDDLE EAST: Most observers are apprehensive that the UN General Assembly debate on the Middle East which begins on Monday will serve only to aggravate the situation.

The UN secretariat has scheduled two sessions of debate each day after Monday, but only Egypt has been inscribed on the list of speakers to date. Cairo apparently will push for adoption of a resolution before the 5 November expiration of the current cease-fire.

Led by Foreign Minister Riad, the Egyptian delegation has been holding intensive consultations with the regional groups to indicate in general terms what Assembly action it seeks. Several African states have been asked by Cairo to prepare a draft resolution broadly acceptable to African and other nonaligned nations. Such a tactic is probably designed to avoid a sharp intra-Arab battle over wording and to give the appearance of broad support for a resolution.

The US mission to the UN reports that the general desire among UN members to avoid both an acerbic debate and a controversial resolution is combined with a feeling that the Assembly must do something to prevent a breakdown of the cease-fire.

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NICARAGUA: Government closure of primary and secondary schools prompted protest demonstrations this week in the capital and several other cities.

Schools were closed following a teachers' strike in support of demands by the Communist-infiltrated National Teachers' Federation for increased salaries and pensions. The Somoza regime, in a tight budgetary situation, had hoped to defuse the strike before it gained too much momentum and before the strikers received the support of university students and the political opposition.

As in the demonstrations last month protesting the alleged government mistreatment of political prisoners, teachers and students were joined by many members of the clergy. This alliance between students and liberal priests can be expected to continue, and the traditionally conservative Catholic Church probably will become more involved in social problems.

Thus far the government has shown a great deal of restraint, but Somoza has not yet come to grips with student and teacher discontent. Protest demonstrations are likely to continue.

INDIA: The public sector now dominates Indian oil refining and marketing, largely as a result of government restrictions on foreign oil companies.

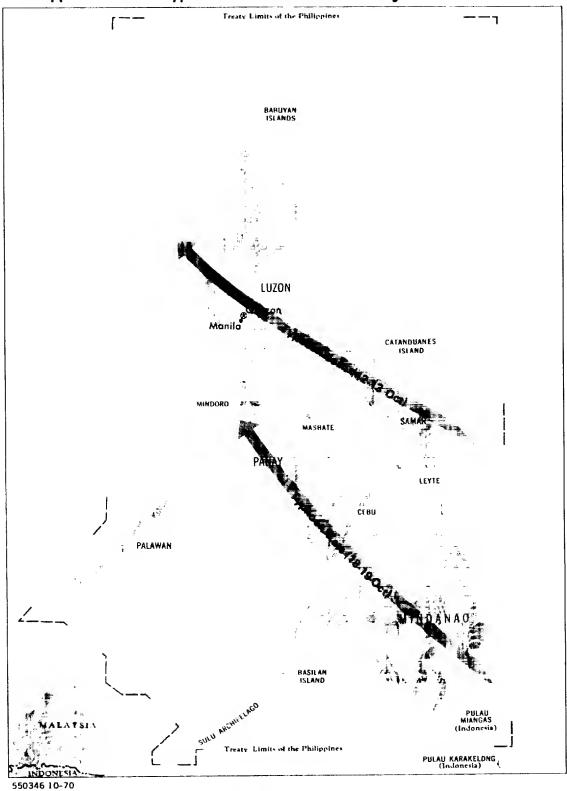
government facilities now refine and distribute more of the country's petroleum products than does the private sector--essentially the three Western oil companies, Burmah-Shell, Esso, and Caltex. The IOC controls the output of five new refineries and has built a distribution system including pipelines, storage depots, and retail outlets. It made a profit of \$27 million during fiscal 1969-70, about 11 percent higher than during the previous year.

The public sector will supply an even larger share of the market in the future. Faced with rapidly increased demand and a shortage of refinery capacity, the government plans to expand the refinery capacity of the public sector, while continuing to restrict production of the private refineries to the 1960 level. The government has also reserved most of certain lucrative markets, such as aviation petroleum and imported kerosene, for the public sector.

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Philippines: Recent Typhoons Cause Extensive Damage



PHILIPPINES: Typhoons have caused considerable loss of life and will aggravate the country's economic problems.

The death toll from two typhoons has already exceeded 1,000 persons and is expected to go higher. Some 500,000 people are dependent on relief supplies. Access to the hardest hit areas is difficult and Manila's relief programs are strained. Shortage of supplies and the danger of a sharp increase in disease are the major problems now.

The typhoons also have produced large-scale crop damage--up to 70 percent in some areas--according to early reports. Coconut plantations in southern Luzon and the northern rice-growing areas have been the heaviest hit. Extensive damage also has been reported on Mindanao, an important agricultural region. Coconut products account for roughly one fifth of total export earnings and rice is the country's staple food.

NOTES

JAPAN: The controversial chief of the Japan Defense Agency, Yasuhiro Nakasone, is widely expected to leave his post in the cabinet reshuffle anticipated next week, according to a US Embassy report. Although no other details were reported, Nakasone would probably like a post closer to the inner workings of the ruling conservative party in order to build a base for a bid for the prime ministership. Party elders, however, have long been suspicious of the ambitious and independent-minded Nakasone, and while they cannot ignore his growing importance, they would probably like to limit his influence as much as possible.

* * *

WEST GERMANY - EASTERN EUROPE: Bonn is making progress in reaching or renewing long-term trade and economic cooperation agreements with all countries of Eastern Europe except East Germany and Albania. Economics Minister Schiller will sign a five-year pact in Budapest on 27 October, some two weeks after concluding a similar agreement with Poland. Signature of an agreement initialed with Czechoslovakia in June is expected in the near future. Negotiations with the Bulgarians will begin on 26 October following reports that Sofia, like the other East European capitals, is prepared to accept a clause, in effect including West Berlin in the trading area to be covered by the agreement. Bonn and Bucharest signed a trade and cooperation pact in December 1969.

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POLAND: Serious shortages of meat, particularly pork products, are causing consumer discontent, sporadic shoppers' disturbances, and brief localized sit-down strikes. Polish consumers consider pork products and butter, which is also in short supply, as staples of their diet and they will be dissatisfied with having to accept as a substitute the poultry that is more readily available. The regime undoubtedly is aware that serious shortages of these items carry the risk of strong public reaction, and although the government may continue to restrict exports of hard-currency earning meats, there is little likelihood of any real improvement in the meat supply in the foreseeable future.

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DOMINICAN REPUBLIC: The largest sugar output in a decade probably will intensify pressure for a higher import quota from the US when the sugar legislation is revised in 1971. Production of almost 1.1 million short tons exceeds Dominican export quotas for the US and other free world markets. It also is expected to increase sugar stocks by about 100,000 tons, nearly twice the normal level. Unless export quotas are raised, or nonquota markets developed, the government may try to hold output below the current level to reduce stockpiling costs.

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